



**Arizona Department of Education**

**November 2018**

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# Agenda

- What is Time and Effort Reporting?
- Who Needs to Maintain T&E Records?
- Why does it Matter?
- What are the T&E Requirements?
- T&E Flexibility
- Questions and Answers



# What is Time and Effort Reporting?

- Documents time spent on any activity
- More than HR timekeeping!
- Not just about source of funds...it's about the effort of the employee.



# What is Purpose of Time and Effort Reporting?

- Allocability
  - Any employee funded by federal grants must maintain documentation showing that their time is allocable to a federal program. 2 CFR 200.403(a)
- Documentation must be based on records that accurately reflect the work performed. 2 CFR 200.430(i)

# Who needs to maintain T&E Records? 2 CFR 200.430(i)(1)&(4)

- Time and effort must be collected for all employees (not contractors) whose salaries are:
  - Paid in whole or in part with federal funds
  - Used to meet a match/cost share requirement







## Pop Quiz: Who needs to maintain T&E Records?

- A contractor working on the SEA's Title I program, getting paid with 100% federal funds?
- A part time employee working in the 21<sup>st</sup> CLCC office, getting paid with 100% federal funds?
- An employee working on assessments, paid with 50% federal funds and 50% state funds?
- A substitute special education teacher working with 100% IDEA eligible students?



# Why does this issue matter?

## Northeastern University

- **\$2.7 million settlement** to cover 9 years of mishandling federal research funds - including paying salaries without required documentation

## Jackson State University

- **\$1.17 million settlement** over time and effort reporting



# Why does this issue matter?

- Detroit Public Schools
- **\$47 million Time and Effort Finding (Audit July 2008)**
  - Personnel costs were not supported by adequate and timely time and effort certifications
- **Follow-up Audit (May 2018)**
  - During fiscal years 2012, 2013, and 2015, Detroit disclosed findings of incorrect or missing time and effort documentation.
    - Internal policy that supervisors had to approve timesheets.
    - Internal policy was not followed for 22 out of over 3,000 employees.
    - Corrective Action: Update its policies and procedures and information system controls to ensure that supervisory approval for all employees' timesheets is documented before the employees are paid.





# What are the T&E Requirements?

Under 200.440(i)(1), records *MUST*:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and allocable;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated;
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.



# Cost Objectives

- What is a cost objective? 200.28
  - Activities
  - Mandated set-asides
  - Mandatory minimums
  - Anything that requires separate cost accounting
  
- Examples 200.430(vii):
  - More than one Federal award, a Federal award and a non-Federal award, an indirect and direct cost activity, etc.
  - 10% administrative set-aside, 1% mandatory minimum, etc.



# Pop Quiz: How many cost objectives?

I am the ESSA Title I professional development coordinator. My boss just added parental involvement coordinator to my job duties.

- ☐ Single Cost Objective
- ☐ Multiple Cost Objective
- ☐ Not a Cost Objective





# Pop Quiz: How many cost objectives

I am the Federal Programs Director.

- ☐ Single Cost Objective
- ☐ Multiple Cost Objective
- ☐ Not a Cost Objective



# Pop Quiz: How many cost objectives?

I work in a schoolwide school that consolidates federal, State, and local funds, and I am paid with Title I Part A, and Title II admin funds.

☐ Single Cost Objective

☐ Multiple Cost Objective

☐ Not a Cost Objective





## Use of Budget Estimates 200.430(i)(1)(viii)

- Budget estimates alone do not qualify as support for charges to Federal awards.
- May be used for interim accounting purposes if:
  - Produces reasonable approximations
  - Significant changes to the corresponding work activity are identified in a timely manner
  - Internal controls in place to review after-the-fact interim charges based on budget estimates



## How do we allocate costs? 200.405

- Any cost allocable to a particular Federal award **may not** be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.  
=Cost Shifting!
- But, still can shift costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal award.



# What do we do when a cost benefits two or more projects?

- Cost should be allocated to the projects based on proportional benefit.
  - If you can determine this without undue effort or cost
- If proportions cannot be determined, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.



# UGG Flexibility

## Substitute Systems 200.430(i)(5)

- Must be approved by cognizant agency for indirect cost.
- No longer applies to nonprofits.

## Alternative Proposals 200.430(i)(6)

- Cognizant agencies for indirect costs are encouraged to accept alternative proposals based on outcomes and milestones for program performance.

## Blended Funding 200.430(i)(7)

- A non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-based metrics, if approved.



# AEFFA Proposed T&E Flexibility

The Association of Education Federal Finance Administrator's (AEFFA)  
Proposals for Time and Effort Systems (June 15, 2016)

1. Certification of Actual Time Worked
2. Blanket Certification
3. Official Record of Employee Activities
4. Electronic Submissions/Approvals
5. Roll-up Time and Effort Tracking
6. Allocation of Effort Using a Basis Other than Time





# Certification of Actual Time Worked

If an employee works on multiple cost objectives:

## A-87 Rule: Personnel Activity Report (PAR)

- ❖ After the fact;
- ❖ Account for total activity ;
- ❖ Signed by employee\*; and
- ❖ Prepared at least monthly and coincide with one or more pay periods.\*\*

## AEFFA Proposals

- ❖ Signed by employee or supervisor with knowledge\*
- ❖ PARs are Monthly or Quarterly\*\*



# Blanket Certification

- A-87 Permissible Blanket Certification:
- Supervisor has first hand knowledge of work performed by several employees:
  - He/she used a single certification listing all employees and the cost objective that they worked on and the time period covered.

## AEFFA Proposals:

- The above certification still acceptable documentation
- Additionally, supervisor with knowledge could sign a single certification attesting that the named employees all worked in accordance with their stated job descriptions



# Official Record of Employee Activities

- Requirements:
  - Clearly identifies all cost objectives at beginning of the year
  - Clearly identifies position and/or accounting codes
- Single Cost Objective: OREA is sufficient documentation
- Multiple Cost Objective: On an annual basis, employee or supervisor with knowledge certifies that the employee worked in accordance with the OREA
- A position/activity change form is used to track changes in an employee's job or activities and ensure proper reconciliation/allocability.



# Electronic Submissions/Approvals

Types of Electronic Submissions Include:

- ❖ On-line or electronic form submission where employee logs in and completes their time using a “check the box” system
- ❖ Email submissions from employee
- ❖ Electronic timesheets
- ❖ MUST have internal controls in place (passwords, records, etc)




# Roll Up Time and Effort Tracking

## Tracking Supervisors, Clerical and Support Staff

- ❖ This was permissible under A-87 with permission (as a substitute system).
- ❖ AEFFA Proposal: This is permissible under the new standard (and would not be a substitute system so no permission needed).
- ❖ Time spent by a supervisor on purely supervisory activities may be allocated based on the average time allocations of the supervised employees.





# Allocation of Effort Using a Basis Other Than Time

## Allocability

- ❖ When an employee benefits multiple cost objectives in a way that is indistinguishable, may determine the allocability of time using “any reasonable basis”.
- ❖ If proportions can not be determined because of the interrelationship of the work involved, costs may be allocated on “any reasonable documented basis”.
- Meaning – you can use a measure other than time!



## Compliance 2 CFR 200.430(i) (2)

- For records which meet the standards, the non-federal entity will not be required to provide additional support or documentation for the work performed.

DOL regulations for Fair Labor Standards Act must still be met (i.e. charges must be supported by records indicating the total number of hours worked each day).



## Noncompliance 2 CFR 200.430(i) (8)

- ED may require **personnel activity reports (PARs)**, including prescribed certifications or equivalent documentation that support the records as required in this section (200.430(i)).



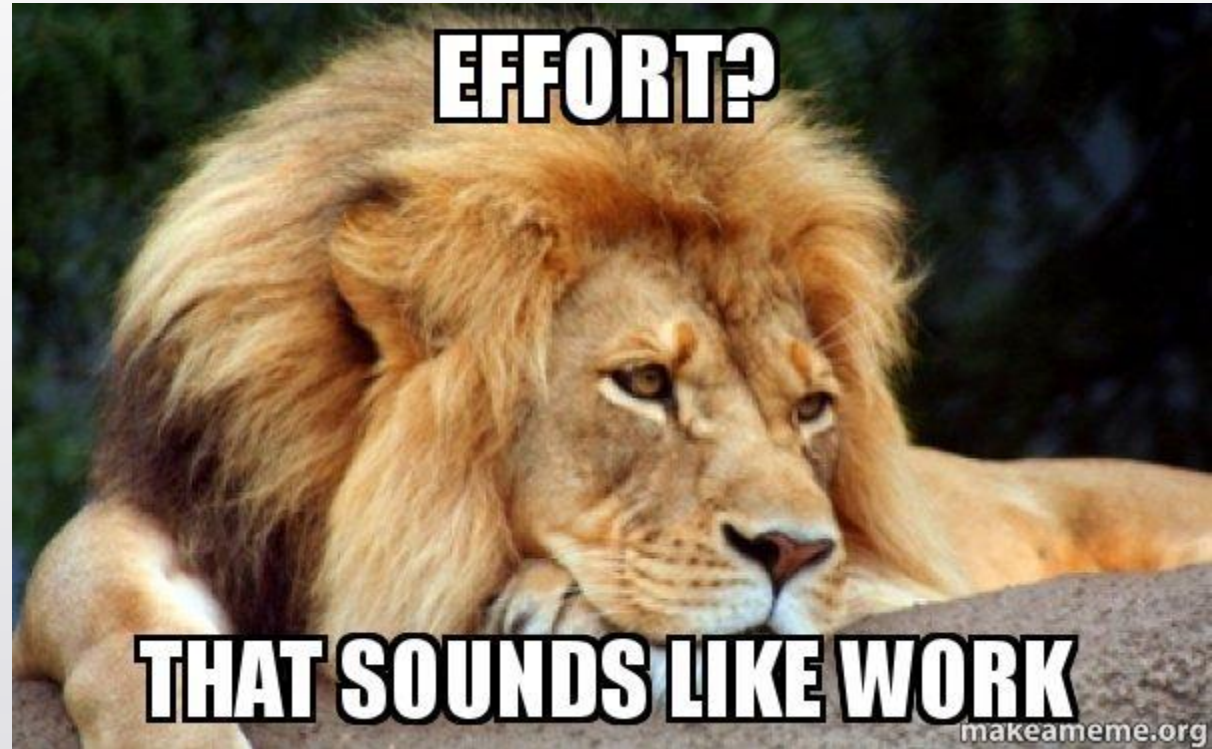
# Policies and Procedures

- Written policies and procedures are **essential** to implementing an effective time reporting system.
- Develop instructions for:
  1. The completion of time and attendance reporting;
  2. The approval cycle that is required;
  3. The processing of personnel charges to federal awards; and
  4. The internal review process that will be established to ensure effective internal control over the Federal award

ED Draft Cost Allocation Guide



# Time and Effort Examples







## Peter Parker School District

### Time and Effort Certification

Name: Spiderman

Date: From August 2017 through June 2018

Office: Office of Special Education

I hereby certify that I spent 100% of my time working on IDEA admin during the time period  
(cost objective)  
indicated above.

Spiderman, IDEA coordinator

Name, Position

6/30/2018

Date

**Gotham City Central School District****Time and Effort Certification**Name:   Batman  Date: From   August 2017   through   June 2018  Office:   Office of Federal Programs  .

I hereby certify that I spent 100% of my time working on 21<sup>st</sup> CLCC admin during the time period  
(cost objective)  
indicated above.

Batman, Federal Programs Manager

Name, Position

6/30/2018

Date

**Wakanda Central School District****Time and Effort Certification**Name: Black PantherDate: From August 2017 through June 2018Office: Office of Federal Programs.

I hereby certify that I spent 50%/50% of my time working on and special education during  
100% Title I admin (cost objective)  
the time period indicated above.

Black Panther, Federal Programs Manager

Name, Position

6/30/2018

Date

Marv L. Comies, Federal Programs Director

Supervisor

6/30/2018

Date

**Themiscyra High School****Personnel Activity Report**Employee: Wonder Woman.Office: Federal Programs.Reporting Period: April 1- June 30, 2018

I hereby certify that this report is an accurate representation of the total activity expended during the period indicated.

Cost objective	Account number	Distribution of time
Title II Admin	200	30%
Title III Admin	600	70%

Signature: Wonder WomanDate: 6/30/2018

**Themiscyra High School****Personnel Activity Report**Employee: Wonder Woman.Office: Federal Programs.Reporting Period: May 1-May 31, 2018

I hereby certify that this report is an accurate representation of the total activity expended during the period indicated.

Cost objective	Account number	Distribution of time
21 <sup>st</sup> CLCC Admin	200	60%
Title II Admin	600	50%

Signature: Wonder WomanDate: 5/31/2018



**Downey, Jr School District****Time and Effort Certification**Name: Iron Man.Date: From Dec. 18, 2017 through Dec. 29, 2017Office: Federal Programs

Date	Cost Objective: Title II Admin	Cost Objective: Title III Admin	Total Hours
12/18	3	5	8
12/19	4	4	8
12/20	2	6	8
12/21	4	4	8
12/22	8	0	8
12/23- 12/27	Break		
12/28	7	1	8
12/29	5	3	8

Iron Man, Federal Programs Coordinator

Name, Position

12/30/2018

Date

### Time and Effort Certification

Name: Captain America

Date: From Dec. 18, 2017 through Dec. 29, 2017.

Office: Federal Programs.

Date	Cost Objective: 1003a admin	Cost Objective: 21 <sup>st</sup> CLCC	Total Hours
12/18	4	4	8
12/19	4	4	8
12/20	4	4	8
12/21	4	4	8
12/22	4	4	8
12/23- 12/27	Break		
12/28	4	4	8
12/29	4	4	8

Captain America, Grants Manager

Name, Position

12/31/2017

Date

Fantastic Four School District

Name: Michael B. Jordan.

Date: From August 2017 through June 2018.

Office: School improvement

The following employees spent 100% of their time working on schoolwide school objectives, goals, and programs.

Employee Name
Reed Richards
Johnny Storm
Sue Storm
Ben Grimm

I hereby certify that the above is an accurate representation of the work performed during the time period indicated.

Michael B. Jordan, School Improvement Director

Name, Position

June 30, 2018

Date

Robin

**From:** Robin  
**Sent:** Friday, December 28, 2017 3:45 PM  
**To:** Batman  
**Subject:** RE: Time and Effort Due

Hi Batman, Sorry I forgot to fill out the form before I left for break, but as usual I spent the entire school year thus far (August- December) working on Title III admin. Thanks!

Happy new year! Robin

**Robin, Title III Administrator**  
**Gotham Central School District**  
**777 Marvel Drive**  
**Gotham City, NJ**  
**(800) 867-5309**  
[Robin@gcsd.edu](mailto:Robin@gcsd.edu)

**\*This email is only intended for the identified recipient.**

**From:** Batman  
**Sent:** Monday, December 15, 2017 10:01 AM  
**To:** All Staff  
**Subject:** Time and Effort Due

This is a friendly reminder that time and effort certifications are due before the break!

Thanks,

**Batman**  
**Gotham Central School District**  
**777 Marvel Drive**  
**Gotham City, NJ**  
**(800) 867-5309**  
[Batman@gcsd.edu](mailto:Batman@gcsd.edu)

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**The Joker**

**From:** The Joker  
**Sent:** Saturday, December 29, 2017 10:30 PM  
**To:** Batman  
**Subject:** RE: Time and Effort Due

Hi Batman,

Guess I'm a little late on this, but I spent my time the same way I always do.

See you after the break!

**The Joker**  
Gotham Central School District  
777 Marvel Drive  
Gotham City, NJ  
(800) 867-5309  
[Robin@gcsd.edu](mailto:Robin@gcsd.edu)

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(800) 867-5309  
[Batman@gcsd.edu](mailto:Batman@gcsd.edu)



**Green Elementary School****Official Record of Employee Activities****Employee:** The Hulk .**Position:** Teacher .**Employee Schedule**

Class Period	Accounting Code	Class	Program
1	300	Special Education	IDEA, Part B
2	300	Special Education	IDEA, Part B
3	200	Math	Non-Federal
4	200	Math	Non-Federal
5	200	Math	Non-Federal
6	300	Special Education	IDEA, Part B



## C. Kent School District

Employee: Superman .

Position: Data Analyst .

Reports completed for all federal programs from August 2017 through June 2018:

Federal Program	Accounting Code	Number of Reports completed	Percentage of effort
Title I	300	6	30
Title II	300	2	10
Title III	200	8	40
21 <sup>st</sup> CLCC	200	1	5
IDEA	200	3	15

# Questions?!?





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